



**MECCA TOWNSHIP
TRUMBULL COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 1999 - 1998



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

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REPORT OF INDEPENDENT ACCOUNTANTS

Mecca Township
Trumbull County
P.O. Box 567
Cortland, Ohio 44410

To the Board of Trustees:

We have audited the accompanying financial statements of Mecca Township, Trumbull County, Ohio, (the Township) as of and for the years ended December 31, 1999 and December 31, 1998. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the Township prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of Mecca Township as of December 31, 1999 and December 31, 1998, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

As more fully explained in Note 9, the Auditor of State is performing a special audit of the Township. The results of this special audit will be presented in a separate report.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 5, 2000 on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

This report is intended solely for the information and use of the management, the Board of Trustees and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro", with a large, stylized flourish at the end.

Jim Petro
Auditor of State

June 5, 2000

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND
CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Governmental Fund Types</u>		(Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Total</u>
Cash receipts:			
Local taxes	\$35,915	\$102,887	\$138,802
Intergovernmental	88,200	63,630	151,830
Charges for services		21,345	21,345
Charges for services			
Fines and forfeitures			
Fees, licenses, and permits	10,012	1,050	11,062
Interest	10,239	1,003	11,242
Miscellaneous	545	2,139	2,684
	<u>144,911</u>	<u>192,054</u>	<u>336,965</u>
Total cash receipts			
Cash disbursements:			
Current:			
General government	74,739	43,409	118,148
Public safety	1,479	30,168	31,647
Public works	13,492	69,060	82,552
Health	4,455	2,944	7,399
Conservation - recreation	12,426		12,426
Capital outlay		38,651	38,651
Debt Service:			
Redemption of principal	14,098	15,149	29,247
Interest	2,991	4,075	7,066
	<u>123,680</u>	<u>203,456</u>	<u>327,136</u>
Total program disbursements			
Total receipts over/(under) program disbursements	<u>21,231</u>	<u>(11,402)</u>	<u>9,829</u>
Other financing receipts:			
Transfers-in			
Transfers-out			
Transfers-out			
Sale of fixed assets	3,000		3,000
Other financing sources	60		60
	<u>3,060</u>		<u>3,060</u>
Total other financing receipts			
Excess of cash receipts and other financing receipts over/(under) cash disbursements	24,291	(11,402)	12,889
Fund cash balances January 1, 1999	<u>104,290</u>	<u>134,337</u>	<u>238,627</u>
Fund cash balances, December 31, 1999	<u>\$128,581</u>	<u>\$122,935</u>	<u>\$251,516</u>
Reserve for encumbrances, December 31, 1999	<u>\$341</u>	<u>\$62</u>	<u>\$403</u>

The notes to the financial statements are an integral part of this statement.

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN FUND CASH
BALANCES - NON-EXPENDABLE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 1999**

	Non-Expendable Trust
Operating cash receipts:	
Interest	\$2
Other	2,000
	2,002
Total operating cash receipts	2,002
Operating cash disbursements:	
Personal services	_____
Total operating cash disbursements	_____
Operating income	2,002
Net receipts over disbursements	2,002
Fund cash balances, January 1, 1999	1,175
Fund cash balances, December 31, 1999	\$3,177

The notes to the financial statements are an integral part of this statement.

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND
CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1998**

	Governmental Fund Types			(Memorandum Only) Total
	General	Special Revenue	Debt Service	
Cash receipts:				
Local taxes	\$36,580	\$105,565		\$142,145
Intergovernmental	60,708	54,266		114,974
Charges for services		10,769		10,769
Charges for services				
Fines and forfeitures				
Fees, licenses, and permits	8,847	2,470		11,317
Interest	10,494	1,237		11,731
Miscellaneous	660	5,899		6,559
Total cash receipts	<u>117,289</u>	<u>180,206</u>		<u>297,495</u>
Cash disbursements:				
Current:				
General government	56,131	46,424		102,555
Public safety	1,800	28,977		30,777
Public works	2,237	69,338		71,575
Health	3,563	2,632		6,195
Conservation - recreation	24,868			24,868
Capital outlay		35,984		35,984
Debt Service:				
Redemption of principal	5,000	14,043	153	19,196
Interest	2,234	5,335		7,569
Total program disbursements	<u>95,833</u>	<u>202,733</u>	<u>153</u>	<u>298,719</u>
Total receipts over/(under) program disbursements	<u>21,456</u>	<u>(22,527)</u>	<u>(153)</u>	<u>(1,224)</u>
Total other financing receipts/(disbursements):				
Advance-in	15,000			15,000
Advance-out		(15,000)		(15,000)
Transfers-in		80,005		80,005
Transfers-out	(80,005)			(80,005)
Other financing sources	5,168			5,168
Total other financing receipts/(disbursements)	<u>(59,837)</u>	<u>65,005</u>		<u>5,168</u>
Excess of cash receipts and other financing receipts over/ (under) cash disbursements and other financing disbursement	<u>(38,381)</u>	<u>42,478</u>	<u>(153)</u>	<u>3,944</u>
Fund cash balances January 1, 1998	<u>142,671</u>	<u>91,859</u>	<u>153</u>	<u>234,683</u>
Fund cash balances, December 31, 1998	<u>\$104,290</u>	<u>\$134,337</u>		<u>238,627</u>
Reserve for encumbrances, December 31, 1998	<u>\$236</u>	<u>\$18,725</u>		<u>\$18,961</u>

The notes to the financial statements are an integral part of this statement.

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN FUND CASH
BALANCES - NON-EXPENDABLE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 1998**

	Non-Expendable Trust
Operating cash receipts:	
Other	\$6
Total operating cash receipts	6
Operating cash disbursements:	
Personal services	
Total operating cash disbursements	
Operating income	6
Net receipts over disbursements	6
Fund cash balances, January 1, 1998	1,169
Fund cash balances, December 31, 1998	\$1,175

The notes to the financial statements are an integral part of this statement.

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. DESCRIPTION OF THE ENTITY

Mecca Township, Trumbull County, (the Township) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly-elected three-member Board of Trustees. The Township provides general governmental services, cemetery services, and volunteer fire services. The Township contracts with the Trumbull County Sheriff's department to provide security of persons and property.

The Township's management believes these financial statements present all activities for which the Township is financially accountable.

B. BASIS OF ACCOUNTING

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. CASH AND INVESTMENTS

The investment in STAR Ohio (the State Treasurer's Investment Pool) is valued at the amounts reported by the State Treasurer.

D. FUND ACCOUNTING

The Township uses fund accounting to segregate cash and investments that are restricted as to use. The Township classifies its funds into the following types:

General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Township had the following significant Special Revenue Funds:

Gasoline Tax Fund - This fund receives gasoline tax money to pay for constructing, maintaining and repairing Township roads.

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. FUND ACCOUNTING (Continued)

Fire District Fund - This fund receives levied tax money for contracting with an outside fire department.

Road and Bridge Fund - This fund receives property tax money for constructing, maintaining and repairing Township roads and bridges.

Debt Service Fund

The debt service fund is used to accumulate resources for the payment of bonds and note indebtedness.

Fiduciary Fund (Non-Expendable Trust Fund)

This Trust fund is used to account for resources restricted by legally binding trust agreements. If the agreement requires the Township to maintain the corpus of the trust, the fund is classified as a non-expendable trust fund.

E. BUDGETARY PROCESS

The Ohio Revised Code requires that each fund be budgeted annually.

Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must also approve estimated resources.

Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be re-appropriated.

A summary of 1999 and 1998 budgetary activity appears in Note 3.

F. PROPERTY, PLANT AND EQUIPMENT

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

2. EQUITY IN POOLED CASH AND INVESTMENTS

The Township maintains a cash and investments pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and investments at December 31 was as follows:

	<u>1999</u>	<u>1998</u>
Demand deposits	\$147,205	\$103,879
Savings account	3,177	1,175
STAR Ohio	<u>104,311</u>	<u>134,748</u>
Total Deposits and Investments	<u>\$254,693</u>	<u>\$239,802</u>

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation, or (2) collateralized by the financial institution's public entity deposit pool.

Investments: Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 1999 and December 31, 1998 was as follows:

1999 Budgeted VS. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$139,341	\$147,971	\$8,630
Special Revenue	181,578	192,054	10,476
Non-Expendable Trust	2,000	2,002	2
Total	<u>\$322,919</u>	<u>\$342,027</u>	<u>\$19,108</u>

1999 Budgeted VS. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$243,631	\$124,021	\$119,610
Special Revenue	334,437	203,518	130,919
Total	<u>\$578,068</u>	<u>\$327,539</u>	<u>\$250,529</u>

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

1998 Budgeted VS. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$122,409	\$122,457	\$48
Special Revenue	176,090	260,211	84,121
Non-Expendable Trust	2,000	6	(1,994)
	<u> </u>	<u> </u>	<u> </u>
Total	<u>\$300,499</u>	<u>\$382,674</u>	<u>\$82,175</u>

1998 Budgeted VS. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$280,079	\$176,074	\$104,005
Special Revenue	347,949	221,458	126,491
Debt Service	153	153	0
	<u> </u>	<u> </u>	<u> </u>
Total	<u>\$628,181</u>	<u>\$397,685</u>	<u>\$230,496</u>

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Board of Trustees. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as intergovernmental receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payment, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the Township.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Township.

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

5. DEBT

Debt outstanding at December 31, 1999 was as follows:

	Principal	Interest Rate
General Obligation Note	\$69,842	5.58%
General Obligation Note	25,000	6.50
General Obligation Note	36,965	4.53
Total	\$131,807	

The general obligation notes were issued to finance the purchase of a new dump truck to be used for Township road maintenance, a fire pumper for fire protection and the purchase of a 22 acre parcel of land for Township Park.

Amortization of the above debt, including interest of \$17,019, is scheduled as follows:

Year ending December 31:	General Obligation Notes
2000	\$36,146
2001	35,816
2002	35,491
2003	36,166
2004	5,207
Total	\$148,826

6. RETIREMENT SYSTEMS

The Township's full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including post retirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

For 1999 and 1998, members of PERS contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries. The Township has paid all contributions required through December 31, 1999.

7. RISK MANAGEMENT

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Automobile liability
- Errors and omissions

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1998 AND 1997
(Continued)

8. CONTINGENT LIABILITIES

The Township is defendant in several lawsuits. Although the outcome of these suits is not presently determinable, counsel believes the resolution of these matters will not materially adversely affect the Township's financial condition.

9. LEGAL COMPLIANCE

The Auditor of State is conducting a special audit of Mecca Township's disbursements and intergovernmental receipts for the period November 1, 1997 through November 22, 1999. The results of that audit will be included in a separate report.

The general fund in 1999 and the general, gasoline tax and road & bridge funds in 1998 had appropriations in excess of the amount certified for expenditures as available by the county budget commission.



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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON INTERNAL CONTROL
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Mecca Township
Trumbull County
P.O. Box 567
Cortland, Ohio 44410

To the Board of Trustees:

We have audited the accompanying financial statements of Mecca Township, Trumbull County, Ohio (the Township), as of and for the years ended December 31, 1999 and December 31, 1998, and have issued our report thereon dated June 5, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 1998-41178-001. We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated June 5, 2000.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Township in a separate letter dated June 5, 2000.

This report is intended for the information and use of management, and the Board of Trustees, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is stylized with a large loop at the end.

Jim Petro
Auditor of State

June 5, 2000

SCHEDULE OF FINDINGS

DECEMBER 31, 1999

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

Finding Number 1999-41178-001

Section 5705.36 and 5705.39, Revised Code, provide that appropriations from each fund shall not exceed the estimated revenue available as certified by the county budget commission.

The following funds were found to have appropriations in excess of the amount certified for expenditures as available by the county budget commission.

1999	-	General Fund	\$3,760
1998	-	General Fund	\$68,686
	-	Gasoline Tax Fund	\$15,000
	-	Road & Bridge Fund	\$15,000

Management should establish control policies and procedures that assure that appropriations will be reduced when it is determined actual receipts will not meet estimates.



STATE OF OHIO
OFFICE OF THE AUDITOR

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MECCA TOWNSHIP

TRUMBULL COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
AUGUST 3, 2000**